

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON FEDERAL RELATIONS, ENERGY, AND TELECOMMUNICATIONS

Call to Order: By **CHAIRMAN AUBYN A. CURTISS**, on March 26, 2001
at 7:00 A.M., in Room 137 Capitol.

ROLL CALL

Members Present:

Rep. Aubyn A. Curtiss, Chairman (R)
Rep. Tom Dell, Vice Chairman (D)
Rep. Douglas Mood, Vice Chairman (R)
Rep. Dee Brown (R)
Rep. Gary Forrester (D)
Rep. Carol C. Juneau (D)
Rep. Gary Matthews (D)
Rep. Alan Olson (R)
Rep. Trudi Schmidt (D)
Rep. Bob Story (R)

Members Excused: Rep. Roy Brown (R)
Rep. Joe McKenney (R)

Members Absent: None.

Staff Present: Rhonda Van Meter, Committee Secretary
Stephen Maly, Legislative Branch

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Committee Business Summary:

Executive Action: SB 445; SB 474

(No audio recording is available for this meeting.)

EXECUTIVE ACTION ON HB 474

Motion: REP. MOOD moved that HB 474 DO PASS.

Discussion:

Mr. Maly gave an overview of the pertinent issues that are faced. MPC will have a continuing voice. He pointed out that there are numerous energy bills before the legislature. Many of these bills represent a clash of philosophies and it will be difficult to sort out which bills will work together and be good to pass out of the session. Cost-based rates and market-based rates are addressed in various bills. A discussion will need to take place dealing with how much authority the PSC is going to have. The authority they have now is not clear. There are "bridge" bills that would extend the PSC authority, expedite temporary generation and provide subsidized loans. There are "transformer" bills that would create state power authorities, allow for mergers of co-ops, and provide major expansion of PSC authority. The idea of conservation is also a theme recurrent that we have seen. In the west, deregulation is not working like it is supposed to. On a federal level they say it will work and FERC has been refusing to set a price cap in the west.

REP. MOOD commented that the sponsor had amendments.

Motion: REP. MOOD moved that AMENDMENTS TO HB 474 BE ADOPTED.

Discussion:

Mr. Maly explained the amendments saying that this is a dramatic change from the original bill.

REP. SCHMIDT asked for clarification of when it becomes a windfall, so that it would be tax. REP. STORY stated that there is a base price of five cents. Any price over that is windfall and is taxed at 90%.

REP. MATTHEWS asked what happened to the plan to exempt out eastern Montana.

REP. STORY commented that all of the WET tax is out of the bill right now.

REP. DEE BROWN asked what other similar windfalls have been across the state. REP. FORRESTER replied that it mirrors language in a federal statute allowing for windfall.

REP. SCHMIDT asked if there are other bills with windfall tax.
Mr. Maly replied that there are some that are similar, but it is not exactly known.

REP. DELL asked if one aspect of the bill is to use the profits for new generation. **Mr. Maly** said that this is a new feature of the bill.

REP. DELL said there is a concern of having lag time of providing relief. **Mr. Maly** said that it could happen.

REP. FORRESTER commented that state generation facilities could be built from the account that is formed.

REP. STORY said that the bulk of the power is the short term and is in the contract. The only lag time would be with power used during off hours.

REP. DELL thinks that we need to move the bill forward.

REP. MOOD said that the bill essentially sets a cap at five cents, but he doesn't know how to feel about this bill.

REP. SCHMIDT is also unsure how to make a decision of where this will go because of the significant changes.

REP. DELL agreed saying that there are so many.

Vote: Motion carried 7-1 with Schmidt voting no.

Motion/Vote: **REP. MOOD** moved that **HB 474 DO PASS AS AMENDED**.
Motion carried 7-3 with Forrester, Matthews, and Schmidt voting no.

EXECUTIVE ACTION ON HB 445

Motion: **REP. DELL** moved that **HB 445 DO PASS**.

Motion/Vote: **REP. STORY** moved that **AMENDMENT TO HB 445 BE ADOPTED**. Motion carried 7-1 with Brown voting no.

Motion/Vote: **REP. DELL** moved that **HB 445 DO PASS AS AMENDED**.
Motion failed 2-9 with Curtiss and Story voting aye.

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ADJOURNMENT

Adjournment: 8:00 A.M.

REP. AUBYN A. CURTISS, Chairman

ROBYN LUND, Secretary

AC/RL

EXHIBIT (feh68bad)